

SENATE RECORD VOTE ANALYSIS

105th Congress
2nd Session

Vote No. 239

July 28, 1998, 10:35 a.m.
Page S-9097 Temp. Record

CREDIT UNION REFORM/Final Passage

SUBJECT: Credit Union Membership Access Act . . . H.R. 1151. Final passage, as amended.

ACTION: BILL PASSED, 92-6

SYNOPSIS: As passed, H.R. 1151, the Credit Union Membership Access Act, will amend the Federal Credit Union Act to preserve all existing multiple bond arrangements, to limit the growth of future multiple bond credit unions to groups of less than 3,000 members, to cap the percentage of total credit union assets that may be lent in business loans at any one time, and to subject credit unions to capital requirements and a system of prompt corrective action. Details are provided below.

- Background: Section 109 of the Federal Credit Union Act provides that “Federal credit union membership shall be limited to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district.” In 1982, the National Credit Union Administration (NCUA; the NCUA provides Federal regulation of credit unions) interpreted that section as permitting Federal credit unions to be composed of multiple unrelated employer groups, each having its own common bond of occupation. Five banks and the American Bankers Association challenged that interpretation. On February 25, 1998, the Supreme Court ruled in *National Credit Union Administration v. First National Bank & Trust Co., et al.*, 118 S. Ct. 927 (1998) that the NCUA’s interpretation was “contrary to the unambiguously expressed intent of Congress that the same common bond of occupation must unite each member of an occupationally defined credit union.” Between 1982 and the Supreme Court’s ruling in 1998, many multiple common-bond credit unions were formed. This bill will remove the legal uncertainties created by the Supreme Court decision. It will also impose safety and soundness requirements on credit unions.

- Credit union membership types. Three membership types will be legal. A “single common-bond” credit union will have one group of members who share a common bond of occupation or association. A “multiple common-bond” credit union will have more than one group of members, the members of each group of which will share a common bond of occupation or association. A group will not be allowed to join a multiple common-bond credit union if it has more than 3,000 members (the NCUA will have waiver authority). Membership in a group may exceed 3,000 after it has joined a multiple common-bond credit union. A “community” credit

(See other side)

YEAS (92)				NAYS (6)		NOT VOTING (2)	
Republican (48 or 89%)		Democrats (44 or 100%)		Republicans (6 or 11%)	Democrats (0 or 0%)	Republicans (1)	Democrats (1)
Abraham	Hatch	Akaka	Johnson	Coats		Helms- ^{3AN}	Harkin- ^{4AY}
Allard	Hutchinson	Baucus	Kennedy	Hagel			
Ashcroft	Hutchison	Biden	Kerrey	Inhofe			
Bennett	Jeffords	Bingaman	Kerry	Mack			
Bond	Kempthorne	Boxer	Kohl	Nickles			
Brownback	Kyl	Breaux	Landrieu	Roberts			
Burns	Lott	Bryan	Lautenberg				
Campbell	Lugar	Bumpers	Leahy				
Chafee	McCain	Byrd	Levin				
Cochran	McConnell	Cleland	Lieberman				
Collins	Murkowski	Conrad	Mikulski				
Coverdell	Roth	Daschle	Moseley-Braun				
Craig	Santorum	Dodd	Moynihan				
D’Amato	Sessions	Dorgan	Murray				
DeWine	Shelby	Durbin	Reed				
Domenici	Smith, Bob	Feingold	Reid				
Enzi	Smith, Gordon	Feinstein	Robb				
Faircloth	Snowe	Ford	Rockefeller				
Frist	Specter	Glenn	Sarbanes				
Gorton	Stevens	Graham	Torricelli				
Gramm	Thomas	Hollings	Wellstone				
Grams	Thompson	Inouye	Wyden				
Grassley	Thurmond						
Gregg	Warner						

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

union will represent people or organizations within a well-defined local community, neighborhood, or rural district.

- Grandfathering of existing membership and existing eligibility for membership. Any person or organization that is a member of any Federal credit union as of the date of enactment of this Act will be able to retain that membership, and any individual member of a group that is part of a credit union will remain eligible to become a member.

- Membership eligibility may be extended only to members of an “immediate family or household” of a credit union member.

- Expansion of multiple common-bond credit unions. The NCUA will encourage the formation of separately chartered credit unions rather than the expansion of multiple common-bond credit unions. If a separate charter is not practicable, the NCUA will require the group to join a credit union within reasonable proximity to it. NCUA approval will be needed to add a new group to a credit union. Specific criteria will have to be met for approval.

- Financial statement and audit requirements. Credit unions with assets of more than \$10 million will file reports consistent with generally accepted accounting principles. Credit unions with assets of more than \$500 million will have annual independent audits.

- Conversion of insured credit unions. Insured credit unions may be converted to mutual savings banks or mutual savings associations without NCUA approval if a vote is held and a majority of credit union members who vote favor such a conversion.

- Member business loans. A credit union will not make member business loans that total more than 12.25 percent of its assets (total outstanding business loans will not be permitted to exceed the lesser of 1.75 times the actual net worth of the credit union or 1.75 times the minimum net worth required for a well-capitalized credit union). Loans of less than \$50,000 will not be counted in the total. (For related debate, see vote No. 237). Credit unions will not be subject to the cap: if they are primarily engaged in business lending (which includes agricultural and small business lending); if they are chartered for the purpose of business lending; if they serve predominantly low-income members; or if they are determined to be community development financial institutions, as defined in current banking